

Registered number: 00649192

Ecolab Limited

Annual Report and Financial Statements for the year ended 30 November 2021



Ecolab Limited

Annual report and financial statements for the year ended 30 November 2021

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Ecolab Limited

Strategic report for the year ended 30 November 2021

The directors present their Strategic report on the company for the year ended 30 November 2021.

Review of the business

The turnover for the year was £199,915,000 compared with £200,617,000 for 2020 in line with directors' expectations.

The results for the year are set out on the income statement on page 9. The profit for the year is £56,773,000 compared with a profit of £32,881,000 in 2020. The gain on sale of the Shield IP during the year of £21,031,000, is the main driver of this difference. In addition, the trading model of the business changed in September 2021, when the manufacturing trade and assets were transferred by means of intercompany asset purchase agreement to subsidiary company Ecolab Manufacturing UK Limited.

Net assets for the year are £190,993,000 compared to £127,206,000 in 2020, mainly due to trading profits, movements on the defined benefit pension scheme and investment in new subsidiary companies.

Key performance indicators

Management monitors the business using the following key performance indicators in the year as follows:

		2021	2020
Sales per average employee	£000	194	189
Operating profit margin	%	19.4	18.4
Average number of employees		1,031	1,061

Sales per average employee

Sales per average employee has been satisfactory during the year.

Operating profit

The operating profit performance has increased due to change in trading model during the year.

Headcount

The headcount is in line with ongoing business requirements.

Health & Safety

The company is committed to working in a safe environment and has a programme of rigorous training, education, and ongoing assessment in place to achieve this goal.

Future developments

The directors consider the results for the year to be satisfactory and expect performance to improve in line with the new trading model plans.

Strategy

The company maintains market share and sustainable growth through the following strategies:

- improving our Customer Experience and business performance via focus on customers;
- providing the highest standard of product, service and delivery to customers at a competitive price;
- continued expansion into current and new markets;
- proactive alignment of its business structure to meet changing market demands; and
- strong brand recognition through brand and channel management.

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Strategic report for the year ended 30 November 2021 (*continued*)

Principal risks/Financial risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The principal risks and uncertainties facing the company focus on:

- price risk;
- currency risk;
- rate of growth in domestic and European markets;
- adverse economic conditions in the UK and European markets; and
- impact of the conflict in Ukraine.

In response to the risks the company:

- operates as a sales and service agent ensuring price risk is no longer a risk;
- operates under a group European pooling arrangement that manages and mitigates any currency risk;
- continually monitors, internally and externally, developments and scenarios relating to the impact of Brexit and the conflict in Ukraine.
- maintains integrated solutions through technology and product offerings;
- ensures effective pricing and continued recognition of brand and quality to maintain market position.
- maintains a high technology offering while widening its customer base and expanding into new areas; and
- monitors applicable regulations to ensure products and systems provide high quality solutions for current needs.

The company is in a strong position at the year end, well placed to tackle the challenges that the current global economic situation presents, due to the nature of our business and also the balanced portfolio within the group.

On behalf of the board



D Hough
Director
19 August 2022

Ecolab Limited

Directors' report for the year ended 30 November 2021

The directors present their annual report and the audited financial statements for the year ended 30 November 2021.

Results and dividends

The profit for the year amounted to £56,773,000 (2020: profit of £32,881,000). The directors paid dividends of £18,404,00 in 2021 (2020: nil).

Principal activities and review of the business

Ecolab Limited is a subsidiary of a worldwide hygiene solutions business. The principal activity of the company during the year was the provision of services in connection with the supply of hygiene product and provision of hygiene related services..

A review of the business of the company and future developments are included in the Strategic report on page 1.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

E de Villemeur (resigned 1 January 2022)

P Hey

D Hough (appointed 1 January 2022)

There are no directors' interests requiring disclosure under the Companies Act 2006.

The directors have the benefit of qualifying third-party indemnity provisions for the purpose of sections 234 of the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year and up to the date of approval of the financial statements but have not been utilised by the directors.

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company Ecolab Inc. The directors have received written confirmation that Ecolab Inc intend to support the company for at least one year after these financial statements are signed.

Financial risk management policy

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities. The main purpose of these financial assets is to provide finance for the company's ongoing operations. The company may utilise derivative financial instruments to manage foreign currency exchange risk from financing activities.

The main risks associated with the company's financial assets and liabilities are interest rate risk, cash flow and liquidity risk, credit risk and currency risk as summarised below.

Interest rate risk

The company does not have any external debt. The company has lending's and borrowings with other group undertakings at a floating rate of interest. During the year, the interest rate exposure was reviewed but it was not deemed necessary to cover the interest rate exposure by any financial instruments.

Credit risk

The company's policy is to require assessments of customers such that deferred terms are only granted where an appropriate payment history is demonstrated, and credit worthiness procedures are satisfied.

Cash flow and liquidity risk

The company's activities are financed from long term loans from other group companies and cash. The company mitigates liquidity risk by managing cash generation from its operations.

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Directors' report for the year ended 30 November 2021 (*continued*)

A central treasury team operates at a European level, controlling all borrowing facilities, investment of surplus funds and the management of financial risks for the company and its fellow subsidiaries.

Currency risk

The company operates under a global policy to manage only intercompany lendings and borrowings in foreign currencies by using financial derivatives to offset currency exposure.

Forward contracts may be utilised to protect cash flows from adverse movements in exchange rates and are accounted for by translating balance sheet monetary items at contract rate.

The company views derivative financial instruments as a risk management tool and does not use them for speculative or trading purposes.

Volatility in foreign currency markets is closely monitored with a specific focus on the potential for heightened volatility arising from conflict in Ukraine and wider European economic conditions.

Employees

The company's policy is to consult and discuss with employees, through staff meetings surveys and employee resource groups, matters likely to affect employees' interests.

Information on matters of concern to employees is given through emails, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Employees are encouraged to participate in the progress and profitability of the company through performance-related bonus plans.

Disabled employees

It is the policy of the company in the United Kingdom that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants.

Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The company is prepared to modify procedures or equipment, wherever it is practicable, so that full use can be made of an individual's abilities.

Section 172 Statement

The Directors are fully aware of their duty under section 172 (1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors consider that, during the year to 30 November 2021, they have had regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interest of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Company.

Further details in relation to each of these matters is set out below.

Context

As a subsidiary of Ecolab Inc (the Group), the Directors are assisted in these matters by the overarching group governance structures, procedures, and policies, to which all group companies and employees must adhere. The Directors also benefit from the expertise of certain group functions such as Human Resources (HR), Legal, Procurement, Internal Audit and Safety, Health and Environment which operate with regard to various stakeholders and the success of all group companies.

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Directors' report for the year ended 30 November 2021 (*continued*)

(a) The likely consequences of any decision in the long term

The Directors are conscious of the changing external landscape and the needs of its different stakeholder groups. Insight from these different stakeholder groups are considered in line with the Group's business planning process and are reflected in the Group's annual business plan.

Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the Group will consider whether these are outweighed by short term impacts in reaching their conclusions.

The Directors work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders, having regard to the requirements of section 172 (1) (a) - (f).

(b) Employee Engagement

The welfare and development of the Company's employees is of highest importance to the Directors, guided by the Ecolab Inc. Code of Conduct which sets out how all Company employees should behave. Our goal is to create a best-in-class culture of engagement across our enterprise to drive consistently strong business and talent and team outcomes. We know that high levels of engagement will drive both strong business and talent and team results.

The Directors are confident that the Company, as part of the Ecolab Group has extensive processes in place to ensure the voice of employees is heard and acted upon where necessary. These can include periodic employee engagement surveys rolled out across the Group and ad hoc Pulse surveys for key teams.

Significant emphasis is placed on creating an environment where all employees feel they can belong. The Company offers access to several Employee Resource Groups to enable participation of specific groups including women and LGBTQ+ employees.

Ecolab Group Equal Opportunities, Anti-Harassment and Bullying Policies are set out in a Company Handbook and a report into inclusion and diversity work is published annually. Diversity and Inclusion are critical to winning with talent.

(c) Business Relationships

The Directors continually seek to maintain and develop strong and mutually beneficial relationships with the Company's suppliers and customers in accordance with Ecolab Group procedures.

There are global processes and functions which assist the Directors in this regard, such as Legal, Compliance and Safety, Health and Environment.

The Company builds partnerships with its suppliers ensuring they are responsible and capable of delivering our business needs.

Finance and Procurement teams review the financial stability and suitability of our suppliers in line with our policies and ethical standards. Regular supplier account management meetings take place to review performance.

The Directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

All dealings with suppliers are governed by the Ecolab Group Code of Ethics which seeks to set out the joint responsibilities of both the Company and those who supply it.

(d) Community and Environment

The Directors understand their responsibility to the community and environment. The Group recognises a responsibility consistent with its business objectives to respond to the needs of our communities. The quality of life, the well-being of our employees and their families and the economic health of our society are of vital interest to our organisation and our associates.

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Directors' report for the year ended 30 November 2021 *(continued)*

The Directors recognise the need to be a part of the local community and as such endorse volunteering by our employees for causes that are meaningful to them. We also have links with the Cheshire Community Fund.

The Directors are also aware of their responsibility to the planet. The Group have published their 2021 Sustainability Report that shows how we're moving from commitment to action to reduce its environmental impact in the areas of carbon, water, energy, road miles and freight, plastics, and sustainable sourcing.

(e) High standards of business conduct

The Directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Ecolab Group Code of conduct. The Group has an Office of Ethics and Compliance which acts as a guardian of the Company's policies and conducts regular ethics training for employees.

The Company's employees have full and free access to a whistleblowing service operated by Ecolab Group.

The Directors also benefit from the work of the Group's Internal Audit function which performs routine audits which will review the overall control framework and the Company's compliance with Ecolab's policies and procedures.

(f) The need to act fairly between members of the Company

The Directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns, to the Company's values.

Greenhouse gas emissions, energy consumption and energy efficiency action

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability (Energy and Carbon Report) Regulations 2018, which introduced carbon reporting requirements for large unquoted companies in the UK.

Our UK Scope 1 and 2 GHG emissions use the ISO 14064-3: Greenhouse Gases - Part 3 specification standard. Our NOx, SOx, volatile organic compounds and hazardous air pollutants emissions use the International Standard on Assurance Engagements (ISAE) 3000 Revised.

Scope 1 consumption and emissions relate to direct consumption of natural gas and fuels used for transportation in company vehicles. These are reported are independent of any GHG trades, such as purchases, sales or transfers of offsets or allowances. The inventory includes CO₂, CH₄ and N₂O emissions from fuel consumption and HFC emissions from refrigerant use. PFCs, NF₃ and SF₆ are not included since Ecolab does not use these compounds. Emissions factors used for electricity and other fuels are from the databases of the UK's Defra. Biogenic emissions include biodiesel and ethanol (E85) fuel use. United States Environmental Protection Agency's Climate Leaders Emissions factors were used to calculate direct emissions.

Scope 2 emissions relate to indirect emissions generated from the purchase of electricity used in day-to-day business operations. Where actual metered consumption is not available by legal entity, reasonable estimates have been used based on square footage occupied by the company. Scope 2 emissions reported are independent of any GHG trades, such as purchases, sales or transfers of offsets or allowances. The inventory includes CO₂, CH₄ and N₂O emissions from electricity, heating and cooling consumption. • Emissions factors used for electricity and other fuels are from the databases of the UK's Defra.

76% of the Company's emissions are Scope 1 emissions from the 644 company vehicles and this has been used to calculate the intensity ratio for the year. Total carbon usage for the Company in 2021 was 4,262 tCO₂ e.

	2021
tCO ₂ e per vehicle	6.62

In line with global Ecolab plans, the company aims to halve carbon emissions and achieve 100% renewable electricity by 2030. Significant work has already been undertaken to increase renewable electricity to 91% within the company, this will continue. In addition, subject to availability, the goal to move to electrification of the fleet will continue. Charging points have already been installed at offices and plants in anticipation of the increased number of vehicles.

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Directors' report for the year ended 30 November 2021 (*continued*)

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board



D Hough
Director
19 August 2022

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Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.



D Hough
Director
19 August 2022

Independent auditors' report to the members of Ecolab Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ecolab Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 November 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Ecolab Limited

Report on the audit of the financial statements (*continued*)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 November 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry of management regarding actual and potential litigation and claims
- Reviewing minutes of meetings of those charged with governance, in relation to risks identified above
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and testing accounting estimates (because of the risk of management bias)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions

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Report on the audit of the financial statements (*continued*)

reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

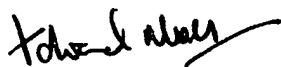
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
30 August 2022

Ecolab Limited

Income statement for the year ended 30 November 2021

		2021	2020
	Note	£000	£000
Turnover	5	199,915	200,617
Cost of sales		(125,653)	(119,123)
Gross profit		74,262	81,494
Operating expenses	7,8	(35,475)	(44,652)
Operating profit	6	38,787	36,842
Exceptional items – gain on sale of Shield IP		21,031	-
Other interest receivable and similar income	9	5	80
Interest payable and similar expenses	10	(27)	(34)
Other finance income	26	285	327
Profit before taxation		60,081	37,215
Tax on profit	11	(3,308)	(4,334)
Profit for the financial year		56,773	32,881

The results above are derived entirely from continuing operations.

Statement of comprehensive income for the year ended 30 November 2021

		2021	2020
	Note	£000	£000
Profit for the financial year		56,773	32,881
Actuarial gain on pension plans	26	18,740	1,463
Deferred tax effect of actuarial gain		(3,621)	(278)
Other comprehensive income for the year, net of tax		15,119	1,185
Total comprehensive income for the year		71,892	34,066

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Balance sheet as at 30 November 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	221	519
Tangible assets	13	6,621	11,761
Investments	14	66,723	
		73,565	12,280
Current assets			
Stocks	15	3,261	26,537
Debtors: amounts falling due within one year	16	120,134	57,871
Debtors: amounts falling due after more than one year	16	486	1,999
Total debtors		120,620	59,870
Cash at bank and in hand		437	82,951
		124,318	169,358
Creditors: Amounts falling due within one year	17	(38,601)	(58,759)
Net current assets		85,717	110,599
Total assets less current liabilities		159,282	122,879
Deferred tax liability	18	(5,512)	(3,469)
Provisions for liabilities	19	(93)	(463)
Net assets before pension surplus		153,677	118,947
Pension surplus	26	37,316	18,259
Net assets		190,993	137,206
Capital and reserves			
Called up share capital	20	7,944	7,944
Capital contribution reserve	21	83,568	83,568
Retained earnings		99,481	45,694
Total equity		190,993	137,206

These financial statements on pages 12 to 47 were approved by the board of directors on 19 August 2022 and were signed on its behalf by:



D Hough
Director

Ecolab Limited

Statement of changes in equity for the year ended 30 November 2021

	Called up share capital £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
Balance at 1 December 2019	7,944	83,568	11,341	102,853
Transactions with owners, recognised directly in equity	-	-	287	287
Profit for the financial year	-	-	32,881	32,881
Other comprehensive income for the year	-	-	1,185	1,185
Balance at 30 November 2020	7,944	83,568	45,694	137,206
Balance at 1 December 2020	7,944	83,568	45,694	137,206
Dividend paid	-	-	(18,404)	(18,404)
Transactions with owners, recognised directly in equity	-	-	299	299
Profit for the financial year	-	-	56,773	56,773
Other comprehensive income for the year	-	-	15,119	15,119
Balance at 30 November 2021	7,944	83,568	99,481	190,993

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

1. General information

Ecolab Limited's ("the Company") principal activity is the manufacture and sale of hygiene products and provision of related hygiene services. The Company is a private company limited by shares and is incorporated in England, United Kingdom. The address of its registered office is PO Box 11, Winnington Avenue, Northwich, Cheshire, CW8 4DX.

2. Statement of compliance

The financial statements of Ecolab Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company Ecolab Inc. The directors have received written confirmation that Ecolab Inc intend to support the company for at least one year after these financial statements are signed.

Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the company's ultimate parent undertaking, Ecolab Inc, a company registered in the USA:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and the paragraphs 12.26 to 12.29; and
- from disclosing the company key management personnel compensation, as required by FRS102 paragraph 33.7.

Basis of consolidation

The company and all of its subsidiary undertakings are included in the consolidated financial statements of a larger group, Ecolab Inc, and those financial statements are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) or in a manner equivalent to consolidated financial statements and consolidated annual reports so drawn up. Accordingly, the company, in accordance with the exemption in 401 of the Companies Act, has not prepared consolidated financial statements. The financial statements therefore contain information about Ecolab Limited as an individual company and not as a group.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

3. Summary of significant accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over its useful economic life of 15 years.

Intellectual property rights

Intellectual property rights that are acquired and which can be separately identified and valued by reference to an independent valuation are capitalised and amortised over their estimated useful economic lives. Intellectual property rights acquired that cannot be measured independently are included and accounted for as part of goodwill.

Investments

Investments in subsidiary and associated undertakings are stated at cost, less provisions for impairment.

Tangible fixed assets and depreciation

Fixed assets are held at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and any costs directly attributable to bringing the asset to its working condition for its intended use. In accordance with the provisions of FRS102, the estimated cost of decommissioning an asset, to the extent that it is recognised as a provision in accordance with FRS 102, is capitalised.

Depreciation is calculated by the company to write off the cost of tangible fixed assets less their estimated residual values, over their expected useful economic lives on a straight line basis as follows:

Land, buildings & leasehold improvements:

Long leasehold land	-	Nil until remaining lease term is 50 years. 50 years thereafter
Buildings	-	25 years
Leasehold improvements	-	term of lease
Plant and production equipment	-	3 – 11 years
Office fixtures	-	3 – 11 years
Equipment on loan	-	3 – 5 years

Fixed assets which are fully depreciated and not separately identifiable are treated as having been disposed.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial assets

Financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Notes to the financial statements for the year ended 30 November 2021

3 Summary of significant accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Provisions

Provisions for redundancy, restructuring costs and dilapidations are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover comprises the value of sales of goods and services (excluding VAT and similar taxes and trade discounts) in the normal course of business.

Revenue is recognised when the substantial risks and rewards of goods have been transferred to customers and for services where they have been provided to the customer.

Foreign currencies

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Leasing commitments

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term.

Pensions

The company operates funded defined benefit schemes for some of its employees. Contributions are charged to the income statement so as to spread the cost of pensions over the expected service lives of the employees in the schemes, having regard to any actuarial surplus or deficiency. The assets of the scheme are held in separately administered funds held independently of the company. These have been accounted for under the requirements of FRS102.

Under FRS102, defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities of the

Notes to the financial statements for the year ended 30 November 2021

3 Summary of significant accounting policies (continued)

company's defined benefit pension schemes expected to arise from employee service in the period is charged against operating profit. The net interest cost is calculated by applying the discount rate to the net balance of

defined benefit obligation and the fair value of the plan assets. This cost is recognised in the Income statement as finance expense/income. Actuarial gains and losses are recognised in the Statement of comprehensive income.

Contributions payable by the company in respect of defined contribution plans are charged to operating profit as incurred.

Share-based payments

The company's ultimate parent company operates an equity-settled share-based compensation plan for certain employees. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the company revises its estimate of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The company's ultimate parent company also grants performance based restricted stock units (PBRU) to certain employees under a long-term incentive plan. Where services are provided by an employee to the company, the fair value of those employee services received in exchange for the grant of PBRUs is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the PBRUs granted. At each balance sheet date, the company revises its estimate of the number of PBRUs that are expected to vest and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Intellectual property rights

Intellectual property rights that are acquired and which can be separately identified and valued by reference to an independent valuation are capitalised and amortised over their estimated useful economic lives. Intellectual property rights acquired that cannot be measured independently are included and accounted for as part of goodwill.

Notes to the financial statements for the year ended 30 November 2021

4. Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

Fixed asset investments are recognised at cost, less any impairments. The carrying amount of the company's fixed asset investments is tested as soon as changed conditions show that a need for impairment has arisen. Having identified no indications of potential impairment in investments, management have not performed a review for any potential impairment, and consequently have not made any provision for impairment.

Intangible assets are recognised at cost, less any impairments. The company considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. With the assistance of an independent actuary, management estimates these factors in determining the net pension obligation or asset in the balance sheet. The assumptions reflect historical experience and current trends.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

5. Turnover

The geographical analysis of the company's turnover by destination is:

	2021	2020
	£000	£000
United Kingdom	162,733	130,635
Rest of Europe	27,593	57,203
Rest of World	9,589	12,779
Total	199,915	200,617

All turnover arose from one class of business, the manufacture and sale of hygiene products and provision of related hygiene services from continuing operations. Turnover of £nil (2020: £4,424,000) arose from continuing operations originating outside of the United Kingdom as the Republic of Ireland business transferred to another group company in 2021.

6. Operating profit

	2021	2020
	£000	£000
The operating profit is stated after charging / (crediting):		
Services provided by company's auditors:		
- Fees payable for the statutory audit	232	102
Hire of machinery and equipment	689	482
Operating lease charges	5,274	5,373

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

7. Remuneration of directors

	2021	2020
	£000	£000
Emoluments	-	187

Emoluments of the directors are paid by fellow subsidiary undertakings that make no recharge to the company. They are directors of a number of fellow subsidiary undertakings and it is not feasible to apportion their costs.

Retirement benefits are accruing to no directors (2020: no directors) under the defined benefit plans.

At 30 November 2021, one director held options to acquire shares in Ecolab Inc (2020: one director). No directors holding office during the year exercised share options during the year which had been granted for services rendered to the company (2020: no directors exercised options granted for services to the company).

8. Staff numbers and costs

The monthly average number of persons employed by the company (including executive directors) during the year, analysed by category, was as follows:

	Average number of employees	
	2021	2020
Production	199	215
Sales, distribution & administration	845	846
	1,044	1,061

	2021	2020
	£000	£000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	39,025	42,753
Social security costs	4,619	5,455
Other pension costs (note 26)	4,256	4,925
Share based payment charge (note 27)	373	287
	48,273	53,420

The above excludes restructuring charges of £595,000 associated with redundancies (2020: £508,000).

9. Interest receivable and similar income

	2021	2020
	£000	£000
Bank interest receivable	5	80

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest payable on overdrafts and bank loans	27	34

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

11. Tax on profit

	2021 £000	2020 £000
UK Corporation tax	5,041	2,425
Adjustments in respect of prior years	(1,747)	1,363
Foreign tax	(13)	51
Current tax	3,281	3,839
Deferred tax		
Origination and reversal of timing differences	458	253
Change in tax rates	(419)	140
Adjustments in respect of prior years	(12)	102
Total deferred tax	27	495
Net tax	3,308	4,334

Factors affecting the tax for the year

The tax assessed on the profit for the year is lower (2020: lower) than the standard effective rate of corporation tax in the United Kingdom of 19.0% (2020: 19.0%).

The differences are reconciled below:

	2021 £000	2020 £000
Profit before taxation	60,081	37,215
Profit before taxation at standard effective rate of tax 19.0% (2020:19.0%)	11,415	7,071
Effects of:		
Expenses not allowable for tax purposes	345	87
Investment income not subject to tax	(2,390)	-
Group relief free of charge	(3,870)	(4,480)
Change in tax rates	(419)	140
Adjustments in respect of prior years	(1,760)	1,465
Foreign taxation	(13)	51
Total tax	3,308	4,334

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

12. Intangible assets

	Goodwill £000	Intellectual Property Rights £000	Total £000
Cost			
At 1 December 2020	43,278	1,260	44,538
Disposals	(11,837)	(1,260)	(13,097)
At 30 November 2021	31,441	-	31,441
Accumulated amortisation			
At 1 December 2020	42,759	1,260	44,019
Charge for the year	298	-	298
Disposals	(11,837)	(1,260)	(13,097)
At 30 November 2021	31,220	-	31,220
Net book value			
At 30 November 2021	221	-	221
At 30 November 2020	519	-	519

13. Tangible assets

	Land, buildings and leasehold improvements £000	Plant and production equipment £000	Office fixtures £000	Equipment on loan £000	Total £000
Cost					
At 1 December 2020	3,690	6,895	1,079	7,953	19,617
Transfer out	(2,173)	(8,110)	(130)	-	(10,413)
Additions	-	81	203	2,827	3,111
Disposals	(8)	(551)	(73)	(2,023)	(2,655)
Reverse historic reclasses	112	3,053	111	417	3,693
At 30 November 2021	1,621	1,368	1,190	9,174	13,353
Accumulated depreciation					
At 1 December 2020	2,396	803	708	3,949	7,856
Transfer out	(2,027)	(3,399)	(92)	-	(5,518)
Charge for the year	144	562	310	1,616	2,632
Disposals	(6)	(110)	(82)	(1,988)	(2,186)
Reverse historic reclasses	357	3,040	111	440	3,948
At 30 November 2021	864	896	955	4,017	6,732
Net book value					
At 30 November 2021	757	472	235	5,157	6,621
At 30 November 2020	1,294	6,092	371	4,004	11,761

In the directors' opinion there is no material difference between the book value and market value of freehold land and buildings.

Adjustments have been made to reverse historic reclasses which were identified during the transfer out of assets to Ecolab Manufacturing Limited.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

14. Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 December 2020	-
Additions	66,723
At 30 November 2021	66,723
Provision for impairment	
At 1 December 2020	-
Charge during the year	-
At 30 November 2021	-
Net book value	
At 30 November 2021	66,723
At 30 November 2020	-

The directors believe that the book value of investments is supported by the underlying values of the respective businesses.

The entities, Ecolab Manufacturing Limited, Ecolab Ireland Limited and TechTex Limited were acquired in the year

Details of investments in which the company holds more than 20% of the nominal value of any class of share capital is as follows:

	Registered office	Holding %	Status	Class of shares held
Ecolab Manufacturing Limited	Lotherton Way Garforth Leeds. West Yorkshire	100%	Trading	Ordinary
Ecolab Ireland Limited	Forest Park Mullingar Industrial Est. Ireland	100%	Trading	Ordinary
TechTex Limited	Units 7 & 8 Rhodes business park Middleton. Manchester	100%	Trading	Ordinary

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

15. Stocks

	2021	2020
	£000	£000
Raw materials and consumables	2,041	5,548
Work in progress	80	2,054
Finished goods and goods held for resale	1,140	18,935
	3,261	26,537

16. Debtors

	2021	2020
	£000	£000
Amounts falling due within one year:		
Trade debtors	44,188	42,746
Amounts owed by group undertakings	74,936	13,215
Deferred tax asset	-	231
Prepayments and accrued income	1,010	1,679
	120,134	57,871
Amounts falling due after more than one year:		
Deferred tax asset	-	1,374
Prepayments and accrued income	486	625
	486	1,999
Total debtors	120,620	59,870

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

17. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	4,870	11,117
Amounts owed to group undertakings	5,869	8,969
Taxation and social security	7,513	8,222
Accruals and deferred income	20,349	30,451
	38,601	58,759

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Deferred tax liability

	2021	2020
	£000	£000
Depreciation in advance of capital allowances	1,375	1,374
Other timing differences	203	231
Post-employment benefits	(7,090)	(3,469)
	(5,512)	(1,864)

19. Provisions for liabilities

	Dilapidations £000	Total £000
At 1 December 2020	463	463
Debit to the income statement	12	12
Transferred	(382)	(382)
At 30 November 2021	93	93

Dilapidations

The provision for dilapidations represents the estimated costs of dilapidation repairs on leased properties. The liability is expected to be utilised up to and including the year ending 30 November 2022.

20. Called up share capital

	2021	2020
	£000	£000
Authorised and fully paid		
79,440 (2019: 79,440) ordinary shares of £100 each	7,944	7,944

21. Capital contribution reserve

	2021	2020
	£000	£000
At beginning and end of the year	83,568	83,568

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

22. Contingent liabilities

At 30 November 2021, the company had no contingent liabilities (2020: £Nil).

23. Financial instruments

The company has no financial instruments at year, however the impact on the income statement during the year from financial assets and liabilities has been:

	2021 £000	2020 £000
Changes in value dealt with in the income statement:		
Derivative financial instruments	62	115
Total financial assets	62	115
Changes in value dealt with in the income statement:		
Derivative financial instruments	195	11
Total financial liabilities	195	11

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

24. Deferred tax liability

Deferred taxation consists of the following:

	At 1 Dec 2020 £000	Charged to profit & loss £000	Charged to OCI £000	At 30 Nov 2021 £000
Depreciation in advance of capital allowances	1,374	1	-	1,375
Accruals not deducted	231	(28)	-	203
Post-employment benefits	(3,469)		(3,621)	(7,090)
	(1,864)	(27)	(3,621)	(5,512)

Deferred tax assets are recognised only to the extent that it is probable that there will be suitable taxable profits in the foreseeable future.

25. Commitments

a) Capital commitments

At 30 November 2021, the company had made no capital commitments (2020: £Nil).

b) Operating lease commitments

Lease payments under non-cancellable operating leases, are as follows:

	2021		2020	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year		216	-	216
In the second to fifth years inclusive	534	5,270	1,259	6,029
After five years	1,182		682	-
	1,716	5,486	1,941	6,245

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26. Pension plans

On 16 October 2014, the Ecolab Pension and Life Assurance Plan and the Ecolab Pest and Property Plan merged with a UK pension scheme sponsored by Nalco Limited to create the One Ecolab Pension Plan. Separate sections of the Plan were created, which relate to the three legacy defined benefit arrangements combined with the existing defined contribution arrangement. A further section was created from 30 November 2018 following the merger with the RP Adam Limited Retirement Benefits Scheme. The four sections of the One Ecolab Pension Plan have segregated assets and liabilities, with the assets of all sections held in separately administered funds, and therefore appear separately in the company reports. There were no changes to members' benefits or to Ecolab Limited's pension commitments in respect of the former Ecolab Pension and Life Assurance Plan and Ecolab Pest and Property Plan, renamed the Chemicals Plan Section of the One Ecolab Pension Plan (the 'Chemicals Section'), the Pest Plan Section of the One Ecolab Pension Plan (the 'Pest Section') and the former RP Adam Limited Retirement Benefits Scheme, renamed the RP Adam Plan Section of the One Ecolab Pension Plan (the 'RP Adam Section') respectively, as a result of these mergers.

The company is the principal employer for the Chemicals Section, the Pest Section and the RP Adam section of the One Ecolab Pension Plan.

Contributions to the defined benefit sections of the One Ecolab Pension Plan are determined on the basis of an actuarial valuation carried out by an independent qualified actuary at least every three years. The defined benefit sections are closed to new entrants and were closed to future accrual from 31 December 2019. At 30 November 2021 there were no prepaid or outstanding contributions due to the defined contribution sections (2020: £Nil).

Defined Contribution scheme

The charge for the Defined Contribution scheme represents contributions payable by the Company to this scheme and amounted to £3,629,000 (2020: £3,952,000).

Overview of all Pension plans

Analysis of amount recognised in the income statement in respect of all defined benefit plans

	2021	2020
	£000	£000
Chemicals Section – current service cost	-	27
Chemicals Section – administration expenses	243	459
Pest Section – current service cost	-	23
Pest Section – administration expenses	231	355
R P Adams – administration expenses	153	109
Total operating charge	627	973
Financing income:		
Chemicals Section – Interest on net defined benefit asset	(101)	(117)
Pest Section – Interest on net defined benefit asset	(250)	(281)
R P Adams Section – Interest on net defined benefit liability	66	71
Total financing income	(285)	(327)
Expense recognised in the income statement	342	646

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26. Pension plans (continued)

Analysis of amount credited/(charged) in statement of comprehensive income

The analysis of the amounts shown in the statement of comprehensive income is as follows:

	2021 £000	2020 £000
Asset gains arising during the year	16,588	16,020
Liability gains/(losses) arising during the year	2,152	(14,557)
Total amount recognised in the statement of comprehensive income	18,740	1,463

Funded status in respect of all pension plans

	2021 £000	2020 £00
Fair value of plan assets	197,863	184,833
Present value of plan liabilities	(160,547)	(166,574)
Net surplus recognised	37,316	18,259

The movement in the pension plans surplus during the year is analysed as follows:

	2021 £000	2020 £000
Movement in surplus during the year in respect of all pension plans		
Surplus in plans at the beginning of the year	18,259	16,815
Movement in the year:		
Current service cost	-	(50)
Employer contributions	659	627
Other finance income	285	327
Actuarial gain	18,740	1,463
Administration costs paid out	(627)	(923)
Surplus in plans at end of the year	37,316	18,259

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26. Pension plans (continued)

Defined Benefit Plans:

Chemicals Section

The most recent actuarial valuation was carried out as at 31 March 2021 on the Projected Unit Credit Method. The results of this valuation have been updated by a qualified independent actuary to determine the pension accounting liabilities for the 2021 financial year.

With effect from 1 July 2019 the Trustees and the Employer agreed that administrative and other expenses relating solely to the Chemicals section (including the amount of the PPF levy) will be met from the assets of the Chemicals section, up to an annual "Expense Allowance" of £0.6 million. If this expense allowance has not been fully used up in the period running from 1 August to the following 31 July it can be used as an offset to that year's Employer contributions for future benefit accrual. With effect from 1 July 2019, the employer contributions in respect of future benefit accrual are 26.3% of pensionable salaries of active members and must be paid by the Employer by 19 December, following each 31 July year end. The employer also pays participant contributions as required under the salary sacrifice arrangement. The Plan closed to future defined benefit accrual from 31 December 2019.

The Employer separately meets the cost of life assurance benefits and any expenses over and above the annual Expense Allowance.

Financial assumptions

The principal financial assumptions used to calculate the plan's liabilities under FRS 102 are as follows:

	2021 % pa	2020 % pa
Discount rate	1.74	1.57
Rate of RPI price inflation	3.30	2.90
Rate of CPI price inflation	2.70	2.20
Deferred pension revaluation - linked to RPI capped	2.20	2.10
Rate of increase in pensions in payment - linked to CPI capped	2.00	1.80

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan and are as shown in the table below.

	2021 Years	2020 Years
Mortality tables	Standard tables S3NMA (males) S1NFA (females) allowing for individual years of birth and rated up by 10% & 13% respectively	Standard tables S2NMA (males) S2NFA (females) allowing for individual years of birth and rated down by 1 year for males only
Future improvements in life expectancy	In line with CMI 2020 core projections, with a long term improvement rate of 1% p.a. for males and females	In line with CMI 2019 core projections, with a long term improvement rate of 1% p.a. for males and females
Male member aged 65 (current life expectancy)	21.6	21.9
Female member aged 65 (current life expectancy)	23.8	23.9
Male member aged 45 (life expectancy at age 65)	22.5	22.9
Female member aged 45 (life expectancy at age 65)	24.9	25.1

Funded status

The funded status of the plan is as follows:

	2021 £000	2020 £000
Fair value of plan assets	75,355	70,696
Present value of plan liabilities	(61,547)	(64,165)
Surplus recognised	13,808	6,531

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Reconciliation of fair value of plan assets

The movement in the fair value of plan assets during the year is analysed as follows:

	2021 £000	2020 £000
Fair value of plan assets at beginning of the year	70,696	65,305
Movement in the year:		
Interest income on assets	1,088	1,264
Actuarial gain/(loss) on plan assets	6,431	6,381
Employer contributions	-	6
Member contributions	-	-
Benefits paid	(2,617)	(1,801)
Administration costs paid out	(243)	(459)
Fair value of plan assets at end of the year	75,355	70,696

Plan assets do not include any of the company's own financial instruments or any property owned or occupied by the company.

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the plan at the accounting date.

The actual return on plan assets in the year ended 30 November 2021 was a gain of £7,519,000 (2020: gain of £7,645,000).

Fair value and expected return on assets

The fair value of the plan assets and the expected long-term rate of return on those assets are as follows:

	Value at 30 November 2021 £000	Value at 30 November 2020 £000
Equities	21,337	26,976
Bonds/Gilts	51,640	41,558
Property	1,380	1,088
Cash	998	1,074
Fair value of plan assets	75,355	70,696
Present value of plan liabilities	(61,547)	(64,165)
Pension plan surplus	13,808	6,531

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Reconciliation of present value of plan liabilities

The movement in the present value of plan liabilities during the year is analysed as follows:

	2021 £000	2020 £000
Present value of plan liabilities at beginning of the year	(64,165)	(59,106)
Movement in the year:		
Current service cost	-	(27)
Interest on pension liabilities	(987)	(1,147)
Member contributions	-	-
Actuarial (loss)/gain	988	(5,686)
Benefits paid	2,617	1,801
Past service costs	-	-
Present value of plan liabilities at end of the year	(61,547)	(64,165)

Analysis of amount recognised in the income statement in respect of defined benefit plan

	2021 £000	2020 £000
Current service cost	-	27
Administration expenses	243	459
Past service costs	-	-
Total operating charge	243	486
Financing income:		
Interest on net defined benefit asset	(101)	(117)
Expense recognised in the income statement	142	369

Analysis of amount credited/(charged) in statement of comprehensive income

The analysis of the amounts shown in the statement of comprehensive income is as follows:

	2021 £000	2020 £000
Asset gains arising during the year	6,431	6,381
Liability gains/(losses) arising during the year	988	(5,686)
Total amount recognised in the statement of comprehensive income	7,419	695

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Pest Section

The most recent actuarial valuation was carried out as at 31 March 2021 on the Projected Unit Credit Method. The results of this valuation have been updated by a qualified independent actuary to determine the pension accounting liabilities for the 2021 financial year.

With effect from 1 July 2019 the Trustees and the Employer agreed that administrative and other expenses relating solely to the Pest section (including the amount of the PPF levy) will be met from the assets of the Pest section, up to an annual "Expense Allowance" of £0.4 million. If this expense allowance has not been fully used up in the period running from 1 August to the following 31 July it can be used as an offset to that year's Employer contributions for future benefit accrual. With effect from 1 July 2019, the employer contributions in respect of future benefit accrual are 26.2% of pensionable salaries of active members and must be paid by the Employer by 19 December, following each 31 July year end. The employer also pays participant contributions as required under the salary sacrifice arrangement. The Plan closed to future defined benefit accrual from 31 December 2019.

The Employer separately meets the cost of life assurance benefits and any expenses over and above the annual Expense Allowance.

Financial assumptions

The principal financial and actuarial assumptions used to calculate the plan's liabilities under FRS 102 are as follows:

	2021	2020
	% pa	% pa
Discount rate	1.74	1.56
Rate of RPI price inflation	3.30	2.90
Rate of CPI price inflation	2.70	2.20
Deferred pension revaluation - linked to CPI capped	2.00	1.80
Rate of increase in post-1997 pensions in payment – linked to RPI capped	3.20	2.80

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan and are as shown in the table below.

	2021 Years	2020 Years
Mortality tables	Standard tables S3NMA (males) S3NFA (females) uplifted by 10% and 13% respectively	Standard tables S2NMA (males) S2NFA (females) allowing for individual years of birth
Future improvements in life expectancy	In line with CMI 2020 core projections, with a long term improvement rate of 1% p.a. for males and females	In line with CMI 2019 core projections, with a long term improvement rate of 1% p.a. for males and females
Male member aged 65 (current life expectancy)	21.6	21.9
Female member aged 65 (current life expectancy)	23.8	23.9
Male member aged 45 (life expectancy at age 65)	22.5	22.9
Female member aged 45 (life expectancy at age 65)	24.9	25.1

Funded status

The funded status of the plan is as follows:

	2021 £000	2020 £000
Fair value of plan assets	115,952	108,645
Present value of plan liabilities	(89,684)	(92,471)
Surplus recognised	26,268	16,173

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Reconciliation of fair value of plan assets

The movement in the fair value of plan assets during the year is analysed as follows:

	2021	2020
	£000	£000
Fair value of plan assets at beginning of the year	108,645	100,088
Movement in the year:		
Interest income on assets	1,665	1,945
Actuarial gain/(loss) on plan assets	9,424	9,295
Employer contributions	-	114
Member contributions	-	-
Benefits paid	(3,551)	(2,442)
Administration costs paid out	(231)	(355)
Fair value of plan assets at end of the year	115,952	108,645

Plan assets do not include any of the company's own financial instruments or any property owned or occupied by the company.

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the plan at the accounting date.

The actual return on plan assets in the year ended 30 November 2021 was a gain of £11,089,000 (2020: gain of £11,240,000).

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Fair value and expected return on assets

The fair value of the plan assets and the expected long-term rate of return on those assets are as follows:

	Value at 30 November 2021 £000	Value at 30 November 2020 £000
Equities	33,306	32,597
Bonds/Gilts	80,430	73,780
Property	1,293	1,019
Cash	923	1,249
Fair value of plan assets	115,952	108,645
Present value of plan liabilities	(89,684)	(92,472)
Pension plan surplus	26,268	16,173

Reconciliation of present value of plan liabilities

The movement in the present value of plan liabilities during the year is analysed as follows:

	2021 £000	2020 £000
Present value of plan liabilities at beginning of the year	(92,472)	(85,705)
Movement in the year:		
Current service cost	-	(23)
Past service cost	-	-
Interest on pension liabilities	(1,415)	(1,664)
Member contributions	-	-
Actuarial gain/(loss)	652	(7,522)
Benefits paid	3,551	2,442
Present value of plan liabilities at end of the year	(89,684)	(92,472)

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Analysis of amount recognised in the income statement in respect of defined benefit plan

	2021	2020
	£000	£000
Current service cost	-	23
Administration expenses	231	355
Past service costs	-	-
Total operating charge	231	378
Financing income:		
Interest on net defined benefit asset	(250)	(281)
(Income)/Expense recognised in the income statement	(19)	97

Analysis of amount credited in statement of comprehensive income

The analysis of the amounts shown in the statement of comprehensive income is as follows:

	2021	2020
	£000	£000
Asset gains arising during the year	9,424	9,295
Liability gains/(losses) arising during the year	652	(7,522)
Total amount recognised in the statement of comprehensive income	10,076	1,773

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

RP Adam Section

The most recent actuarial valuation was carried out as at 31 March 2021 on the Projected Unit Credit Method. The results of this valuation have been updated by a qualified independent actuary to determine the pension accounting liabilities for the 2021 financial year.

Following the completion of the 31 March 2019 valuation, it was agreed shortfall contributions of £504,000 per annum would be paid from May 2020. In addition, from May 2020 it was agreed all expenses (including the amount of the Pension Protection Fund levy) relating to the RP Adam section would be met from the assets of the RP Adam section. In return, the Employer will pay £12,000 per month to contribute towards the expenses. If the £12,000 per month does not fully meet the actual RP Adam section expenses an additional expense payment would arise in each 1 August to 31 July period and would be paid by the Employer before the 19 December following each 31 July year end. The R P Adam Section is closed to future accrual.

Financial assumptions

The principal financial and actuarial assumptions used to calculate the plan's liabilities under FRS 102 are as follows:

	2021 % pa	2020 % pa
Discount rate	1.75	1.58
Rate of RPI price inflation	3.30	2.90
Rate of CPI price inflation	2.70	2.20
Deferred pension revaluation - linked to CPI capped	2.00	1.80
Rate of increase in pensions in payment – linked to CPI capped	2.60	2.20

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan and are as shown in the table below.

	2021 Years	2020 Years
Mortality tables	Standard tables S3NMA (males) S3NFA (females) allowing for individual years of birth	Standard tables S2NMA (males) S2NFA (females) allowing for individual years of birth
Future improvements in life expectancy	In line with CMI 2020 core projections, with a long term improvement rate of 1% p.a. for males and females	In line with CMI 2019 core projections, with a long term improvement rate of 1% p.a. for males and females
Male member aged 65 (current life expectancy)	21.6	21.9
Female member aged 65 (current life expectancy)	23.8	23.9
Male member aged 45 (life expectancy at age 65)	22.5	22.9
Female member aged 45 (life expectancy at age 65)	24.9	25.1

Funded status

The funded status of the plan is as follows:

	2021 £000	2020 £000
Fair value of plan assets	6,556	5,492
Present value of plan liabilities	(9,316)	(9,937)
Deficit recognised	(2,760)	(4,445)

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Reconciliation of fair value of plan assets

The movement in the fair value of plan assets during the year is analysed as follows:

	2021	2020
	£000	£000
Fair value of plan assets at beginning of the year	5,492	4,891
Movement in the year:		
Interest income on assets	89	98
Actuarial gain on plan assets	733	344
Employer contributions	659	507
Member contributions	-	-
Benefits paid	(264)	(239)
Administration costs paid out	(153)	(109)
Fair value of plan assets at end of the year	6,556	5,492

Plan assets do not include any of the company's own financial instruments or any property owned or occupied by the company.

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the plan at the accounting date.

The actual return on plan assets in the year ended 30 November 2021 was a gain of £822,000 (2020: gain of £442,000).

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Fair value and expected return on assets

The fair value of the plan assets and the expected long-term rate of return on those assets are as follows:

	Value at 30 November 2021 £000	Value at 30 November 2020 £000
Equities	3,854	3,330
Bonds/Gilts	2,664	2,125
Cash	38	37
Fair value of plan assets	6,556	5,492
Present value of plan liabilities	(9,316)	(9,937)
Pension plan deficit	(2,760)	(4,445)

Reconciliation of present value of plan liabilities

The movement in the present value of plan liabilities during the year is analysed as follows:

	2021 £000	2020 £000
Present value of plan liabilities at beginning of the year	(9,937)	(8,658)
Movement in the year:		
Interest on pension liabilities	(155)	(169)
Actuarial gain/(loss)	512	(1,349)
Benefits paid	264	239
Present value of plan liabilities at end of the year	(9,316)	(9,937)

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Notes to the financial statements for the year ended 30 November 2021

26 Pension plans (continued)

Analysis of amount recognised in the income statement in respect of defined benefit plan

	2021	2020
	£000	£000
Administration expenses	(153)	(109)
Total operating charge	(153)	(109)
Financing expense:		
Interest on net defined benefit liability	(66)	(71)
Expense recognised in the income statement	(219)	(180)

Analysis of amount charged in statement of comprehensive income

The analysis of the amounts shown in the statement of comprehensive income is as follows:

	2021	2020
	£000	£000
Asset gains arising during the year	733	344
Liability gains/(losses) arising during the year	512	(1,349)
Total amount recognised in the statement of comprehensive income	1,245	(1,005)

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Notes to the financial statements for the year ended 30 November 2021

27 Share based payments

Certain employees of the company who provide full time services to Ecolab Limited have been granted options to acquire shares in Ecolab Inc, the company's ultimate parent company, and granted performance-based restricted stock unit awards ('PBRSU') under the terms of the Ecolab Inc 2002 Stock Incentive Plan and the Ecolab Inc 2005 Stock Incentive Plan.

The total cost for the year ended 30 November 2021 relating to employee share-based payment plans was £373,000 (2020: £899,000), all of which related to equity-settled share-based payment transactions.

Share options

Options granted vest annually in equal amounts over a three-year service period and expire ten years from the date of grant. Options are granted to purchase shares at the average daily share price on the date of grant. The lattice (binomial) option-pricing model is used to estimate the fair value of options at grant date.

The weighted average fair value of each option granted in the year was £33.25 (2020: £31.12).

The assumptions used in the measurement of the fair value of the options were:

	2021	2020
	3 December 2020	3 December 2019
Grant date		
Average share price at grant date	£166.23	£142.58
Exercise price	£166.23	£142.58
Number of employees	10	7
Shares under option	1,015	2,756
Vesting period (years)	3	3
Expected volatility	22.97%	23.01%
Option life (years)	10	10
Expected life (years)	6.08	6.13
Risk-free rate	0.55%	1.60%
Expected dividend yield	0.87%	1.02%
Fair value per option	£33.25	£31.12

The risk-free rate of return is determined based on a yield curve of US treasury rates from one month to ten years and a period commensurate with the expected life of the options granted. Expected volatility is established based on historical volatility of Ecolab Inc's share price. The expected dividend yield is determined based on Ecolab Inc's annual dividend amount as a percentage of the average share price at the time of the grant.

The expense associated with options awards is based on the estimated fair value of options granted. The company recognises the expense over the three-year vesting period.

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

27 Share-based payments (continued)

Information on outstanding share options is as follows:

	2021		2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at beginning of the year	28,383	£98.88	33,237	£90.58
Restated	(1,150)	£98.88	-	-
Granted	2,876	£166.23	2,756	£142.58
Lapsed	(354)	£135.59	(205)	£98.92
Exercised	(1,224)	£108.43	(7,405)	£77.39
Outstanding at end of the year	28,531	£128.60	28,383	£98.88
Exercisable at 30 November	23,026	£92.22	19,891	£87.57
			2021	2020
Range of exercise prices:				
Low			£44.61	£44.61
High			£166.23	£127.38
Weighted average remaining contractual life (years):			7.58	6.8

Performance-based restricted stock units

The expense associated with PBRSU awards is based on the average of the high and low share price of Ecolab Inc's common stock on the date of grant, adjusted for the absence of future dividends. The awards vest based on Ecolab Inc achieving a defined performance target and with continued service for a three-year period. Upon vesting, Ecolab Inc will issue shares of its common stock such that one award unit equals one share of common stock.

The assumptions used in the measurement of the fair value of the PBRSU awards were:

	2021	2020
	3 December 2020	3 December 2019
Grant date		
Average share price at grant date	£166.23	£142.58
Number of employees	15	6
Shares under option	714	582
Vesting period (years)	3	3

Ecolab Limited

Notes to the financial statements for the year ended 30 November 2021

27 Share-based payments (continued)

Information on outstanding PBRSU awards is as follows:

	2021		2020	
	Number	Weighted average value	Number	Weighted average value
Outstanding at 1 December	3,604	£122.28	8,505	£89.51
Restatement	(343)	£122.28	-	-
Granted	1,764	£166.23	1,094	£142.58
Lapsed	-	-	(5,995)	£79.49
Exercised	(1,403)	£213.55	-	-
Outstanding at 30 November	3,622	£145.03	3,604	£122.28

28 Related party transactions

Under FRS 102, the company is exempt from the requirement to disclose transactions or balances with entities which form part of the Ecolab Inc group on the grounds that it is a wholly owned subsidiary of Ecolab Inc and its results are included in the published consolidated financial statements of Ecolab Inc.

29 Immediate and ultimate parent undertakings and controlling party

The immediate parent undertaking is Nalco Acquisition One, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Ecolab Inc, a company incorporated in the United States of America. Ecolab Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 November 2020.

The consolidated financial statements of Ecolab Inc are available to the public from Ecolab Inc, Ecolab Center, 370 Wabasha Street North, St Paul, Minnesota 55102, USA.